

Registered in the Register of Associations and Foundations

Riga, _____ 2008

under No. _____

Articles of the Association

**"APTIĒKU ĪPAŠNIEKU ASOCIĀCIJA"
(ASSOCIATION OF THE PHARMACY OWNERS)**

Riga, 4 April 2008.

1. General Conditions

- 1.1. The Association "ASSOCIATION OF PHARMACY OWNERS", (hereinafter referred to as - the Association), is a voluntary union of persons, who are operating in accordance with the Associations and Foundations Law of the Republic of Latvia, other legal acts effective in the Republic of Latvia and the present Articles of Association.
- 1.2. Name of the association shall be Association "APTIEKU ĪPAŠNIEKU ASOCIĀCIJA" (ASSOCIATION OF PHARMACY OWNERS).
- 1.3. The Association shall have a status of a legal person, obtained as of the day of recording thereof in the Register of Associations and Foundations.
- 1.4. The Association shall operate in the territory of the Republic of Latvia and abroad.
- 1.5. The Association may establish its structural units in accordance with the procedure set by these Articles of Association. Structural units of the Association shall not have a status of a legal person.
- 1.6. The Association shall have its seal with its full name in the official language, current accounts in credit institutions and its visual symbols, which shall be approved by the meeting of the Association.
- 1.7. Period of operation of the Association shall be unlimited.

2. Purpose and Activities of the Association

- 2.1. Purpose of the activity of the Association shall be:
 - (1) active participation in the legislation processes, representing the interests of pharmacies and owners thereof;
 - (2) promotion and strengthening of cooperation with the Pharmacists' Society of Latvia as one of the strategic partners of the Association;
 - (3) promotion of cooperation with the Ministry of Health of the Republic of Latvia as well as other state and local authorities as well as public organisations;
 - (4) for the purpose of development and improvement of the pharmaceutical care and commercial activity provided by pharmacies, in cooperation with the Pharmacists' Society of Latvia, to give recommendations to the state and local authorities regarding useful and necessary changes in legal acts;
 - (5) increase of the quality and prestige of the pharmaceutical care;
 - (6) improvement of the public image of pharmacies;
 - (7) popularisation of a pharmacist as a profession, inviting and motivating people to acquire the profession of a pharmacist or assistant to a pharmacist;
 - (8) promotion of analytical and research processes in the area of pharmaceutical care and commercial activity of pharmacies;
 - (9) and other activities permitted by law.
- 2.2. The Association shall be entitled to acquire tangible and intangible rights on its behalf and to undertake liabilities, to become as a plaintiff and a defendant before a court.
- 2.3. In order to achieve the set targets, the Association shall be entitled to perform any activities that do not contravene with the law, including to actively express opinion to the state and local authorities, public organisations, to freely distribute information on its activities, to organize public events, to establish its press releases, websites and other mass media, as well as to perform other public activities.
- 2.4. The Association shall perform commercial activity in accordance with the Associations and Foundations Law.

3. Entering Into and Removal from Membership of the Association, Register of Members

- 3.1. Any legal persons or capable partnerships with good reputation, being interested in the activity of the Association, may enter into membership of the Association, and they shall undertake to comply with the Articles of Association of the Association and duties of a Member set forth therein. Ownership of a licence for opening and activity of a pharmacy shall be one of the conditions to enter into membership of the Association.
- 3.2. In order to enter into membership of the Association, an applicant shall submit to the Board of the Association a written application as well as recommendations of at least three current members, at least two out of which shall be founders of the Association or representatives thereof. Submission of recommendations shall serve as a significant pre-condition for admission into to the Association. The form and content of recommendation shall be approved by the Board of the Association. Form of the application shall be approved by the Board of the Association. The Board may request from the applicant additional documents, substantiating the information covered by the application.
- 3.3. Meeting of Members shall adopt a decision regarding admission of a member into the Association. A decision shall be adopted if $\frac{3}{4}$ (three fourths) of the members of the Association present in the meeting of the Members vote for it. In order to review the application regarding admission into the Association, the Board shall convoke a meeting of Members within 1 (one) months from receipt of the application at the latest. The applicant himself may be invited to the meeting of Members, where the request of the applicant is reviewed, and the floor shall be given to him to express his opinion. Failure of the applicant to arrive shall not serve as an obstacle for adoption of decisions of the meeting of Members. Meeting of Members shall not substantiate its decision. The Board shall notify the decision of the meeting of Members to the applicant in writing within one week from the day of adoption thereof.
- 3.4. In order to join the Association, the admission fee shall be paid, the amount and payment procedure of which shall be determined by the meeting of Members.
- 3.5. A member may leave the Association by notifying the Board on that in writing.
- 3.6. A member may be removed from the Association on the basis of the decision of the meeting of Members, only if there is a serious reason for that. The following shall be considered as a serious reason:
 - (1) gross violation of the Articles of Association, that is deliberate non-fulfilment of the duties of a member set by the Articles of Association or deliberate performance of other such activities, that conflict with the Articles of Association, regarding which a written warning has been issued to the member under the decision of the meeting of Members, if the member has failed to eliminate the violation within 3 (three) months from the day of receipt of the warning as well as has failed to let know to the meeting of Members his objections regarding the issued warning. The meeting of Members, when adopting a decision regarding issuing of the warning to the Member, shall specify in the decision the particular clause of the Articles of Association, which has been violated, shall motivate the nature of the violation as well as specify the term for elimination of the violation, which shall not be shorter than the one set in this clause of the Articles of Association;
 - (2) causing a significant harm to the Association, that is, performance of such deliberate activities that conflict with the purposes of the activity of the Association and has caused significant material losses or moral harm to the Association, which has been recognized on the basis of the court judgement being in force.
- 3.7. The meeting of Members shall review the issue regarding removal of the member of the Association during the next meeting of Members, inviting the member to be removed and giving him the floor for expression of his opinion. Failure of the member to be removed to appear shall not serve as an obstacle for adoption of the decision of the meeting of Members, if the Member to be removed has been notified on the meeting of Members in accordance with the procedure set by the Articles of Association. A member shall be removed if the $\frac{3}{4}$ (three fourths) of the members of the Association has voted for it. A member, regarding the removal of whom is being adopted, shall not participate in voting of the issue. The Board shall notify on the decision of the meeting of Members regarding removal of the member from the

Association and motivation of this decision shall be notified in writing to the member to be removed within 5 (five) days from the day of adoption thereof.

- 3.8. In case if reasons, due to which the Member is removed from the Association, are eliminated, he shall be entitled to request the meeting of Members to readmit him as the member of Association by submitting a written submission to the Board. Adoption of the decision regarding admission of a Member shall be performed in accordance with the procedure set by Clause 3.3 of these Articles of Association. In case of adoption of the decision regarding readmission of a Member the admission fee shall not be paid.
- 3.9. The Board shall maintain the register of members of the Association, specifying the name, registration number, address, representatives of each and the date of admission of the Member into the Association.

4. Rights and Obligations of Members

4.1. Members of the Association shall have the following rights:

- (1) to participate in the management of the Association;
- (2) to receive information on the activities of the Association;
- (3) to participate in the events organized by the Association;
- (4) to submit recommendations on the activities of the Association and improvement thereof and to receive a reply to the submitted question on the merits.

4.2. Members of the Association shall have the following obligations:

- (1) to comply with the Articles of Association of the Association and to enforce decisions of the meeting of the Association;
- (2) to regularly and timely pay a membership fee;
- (3) to support the implementation of the targets and duties of the Association by its active participation;
- (4) to maintain the good reputation of the Association and not to permit the way of acting, which may harm the reputation of the Association;
- (5) not to disclose information, which has become available to him as a member of the Association and is confidential;
- (6) to fulfil the liabilities of the Member, which refer to the contribution of work or financial participation in the operation of the Association, and which are determined pursuant to the decision of the meeting of Members.

4.3. Also other liabilities may be determined to members of the Association pursuant to the decision of the meeting of Members. When determining the liabilities for a member, which differ from the liabilities of other members, a consent of the member shall be required.

5. Membership fee

5.1. Members of the Association shall pay the annual membership fee, the amount and payment procedure of which shall be determined by the meeting of Members.

6. Honoured Members and Associated Members of the Association

6.1. Legal and natural persons, who have given a significant contribution for promotion of the activities of the Association, not being Members of the Association, or who have a significant meaning in the activities of the Association, on the basis of the decision of the meeting of Members, may be admitted as Honoured members or Associated members of the Association pursuant to the consent of the person. Honoured members and Associated members shall be invited to participate in the events organized by the Association in the status of a honoured guest. Pursuant to the decision of the meeting of Members also other rights arising from the status of the Honoured member or Associated member may be determined. Honoured members and Associated members shall not be entitled to vote.

7. Structural Units of the Association

7.1. Territorial and other structural units of the Association may be established pursuant to the decision of the meeting of Members.

7.2. Structural units shall be organizationally independent, however in its operation it shall be subject to the Board of the Association. A structural unit shall operate on the basis of Regulation, which shall be approved by the meeting of Members.

8. Convocation of the Meeting of Members and Adoption of Decisions

8.1. Meeting of Members shall be the higher decision-making authority of the Association.

8.2. All members of the Association shall be entitled to participate in the meeting of Members. Members may participate in the meeting of Members personally or through their participants. An authorisation to participate and vote during the meeting of the Association shall be issued in writing and shall be submitted to the Board of the Association still before the meeting of Members.

8.3. The regular meeting of Members shall be convoked once a year - by 30 April at the latest.

8.4. Extraordinary meeting of Members may be convoked pursuant to the initiative of the Board, or if it is requested in writing by at least 1/10 (one tenth) of members of the Association, specifying the reason for convocation.

8.5. Member of the Association shall be convoked not later than 2 (two) weeks before the meeting by sending a written invitation to each Member.

8.6. Meeting of Members shall be entitled to vote if at least 2/3 (two thirds) of all members of the Association participate therein.

8.7. Each member of the Association shall be entitled for 1 (one) vote during the meeting of Members.

8.8. Honoured members and Associated members shall not be entitled to vote.

8.9. If the meeting of Members is not entitled to vote due to the lack of quorum, a repeated meeting of members shall be convoked within 3 (three) weeks, which shall be entitled to adopt decisions regardless of the number of present members, provided that at least two members participate therein.

8.10. A decision of the meeting of Members shall be deemed as adopted if more than a half of the present members vote for it. A decision regarding amendments to the Articles of Association, election or revocation of members of the Board, termination and continuation of the activities of the Association and reorganisation of the Association shall be adopted if 3/4 (three fourths) of the present members vote for it.

8.11. Only the meeting of Members of the Association shall be entitled:

- (1) to make amendments to the Articles of Association;
- (2) to approve the annual report of the Association prepared by the Board;
- (3) to decide on the annual budget of the Association prepared by the Board and the annual work plan;
- (4) to elect and revoke members of the Board and Chairman of the Board;
- (5) to decide on the admission of new Members and removal of the current Members in the case set forth in Clause 3.7 of the Articles of Association;
- (6) to determine the amount of compensation for members of the Board and payment procedure;
- (7) to elect and to revoke an Auditor;
- (8) to decide on the liquidation or reorganisation of the Association;
- (9) to approve regulations, governing the operation of the Association and structural units thereof;
- (10) to decide other issues that were submitted pursuant to recommendation of the Board for review during the meeting of Members.

8.12. The meeting of Members shall adopt decisions also on other issues set in these Articles of Association or law.

8.13. The meeting of Members shall be chaired by the Chairman of the Board. The meeting of Members may elect other chair of the meeting. The meeting of Members shall be recorded. Minutes shall be signed by chair of the meeting, the recorder and at least 2 (two) members elected for certification of the minutes by the meeting of Members.

9. Board of the Association

9.1. The Association shall be managed and represented by the Board, consisting of 5 (five) members.

9.2. The Board shall be entitled to decide all issues, not being in the competence of the meeting of Members to be removed.

9.3. Board of the Association shall have a good knowledge and manage the affairs of the Association. Board of the Association shall:

- (1) ensure enforcement of the decisions of the meeting of Members;
- (2) manage and operate with the property of the Association;
- (3) accept applications regarding admittance of new members to the Association and shall deliver them for review during the meeting of Members;
- (4) develop regulations, governing the operation of the Association and structural units thereof;
- (5) decide on the conclusion of transactions of the Association;
- (6) review the issues regarding establishment of funds necessary for operation of the Association;
- (7) develop a draft annual budget and programme of activities of the Association and shall submit them for review to the meeting of Members;
- (8) enter into all kind of agreements on behalf of the Association and shall sign other documents necessary for providing the operation of the Association;
- (9) decide other issues related to the operation of the Association, which are not delivered under the competence of the meeting of Members.

9.4. Work of the Board shall be lead by the Chairman of the Board. Chairman of the Board shall organize the work of the Board and shall distribute duties among the members of the Board as well as shall organize the daily administrative work of the Association.

9.5. Chairman of the Board shall be entitled to represent the Association individually. Other members of the Board shall be entitled to represent the Association jointly with at least another member of the Board.

9.6. Meetings of the Board of the Association shall take place pursuant to the need, but at least once per month. Each member of the Board shall be entitled to initiate convocation of the meeting of the Board by specifying the issues to be reviewed therein. The Board shall be entitled to make decisions if both members of the Board participate therein.

9.7. Decisions of the Board shall be adopted by majority of votes of the present members of the Board. Meetings of the Board shall be recorded. The decisions made shall be recorded in the minutes, specifying the vote of each member of the Board for each decision.

9.8. The Board shall be entitled to make decisions without convocation of the meeting if both members of the Board vote for adoption of the decision in writing.

9.9. A Member of the Board may submit a notification to the Association at any time regarding leaving the office of the member of the Board.

- 9.10. A Member of the Board may be revoked from the office only if there is a significant reason for revocation. Such reason shall include
- 9.11. clear non-fulfilment or improper fulfilment of the duties or making harm to the interests of the Association.

10. Financial Means of the Association and Procedure for Use Thereof

10.1. Means of the Association shall consist of:

- (1) admission fee, membership fee, purpose payments and donations;
- (2) monetary funds and material assets, received from other natural or legal persons in accordance with the procedure set by laws;
- (3) other income and contributions that are not prohibited by legal acts effective in the Republic of Latvia.

10.2. When joining the Association, a Member shall have an obligation to make a single admission fee, which shall be calculated, taking into account the number of pharmacy licences owned by the Member on the day of admission. Admission fee shall be paid to the bank account of the Association. The Board shall be entitled to make decisions regarding adjustments to the admission fees.

10.3. Means of the Association shall be used, on the basis of the annual budget approved by the meeting of the Association for fulfilment of the purposes of the programme adopted by the Articles of Association or meeting of Members, as well as for covering expenses in relation to maintenance of management bodies of the Association and provision of work thereof.

11. Termination of Activities and Liquidation of the Association

11.1. Termination of activities and liquidation of the Association shall take place in accordance with the Associations and Foundations Law.

11.2. If a decision is adopted by the meeting of Members regarding liquidation of the Association, the meeting of Members shall determine by its decision the procedure for use of the property and financial means of the Association and shall elect a liquidator or liquidation commission, which shall operate in accordance with the decision of the meeting of Members.

11.3. An auditor shall deliver money and property remaining during the liquidation proceedings to the body, specified by the last meeting of Members of the Association, taking into account the restrictions set by Associations and Foundations Law.

Founders:

_____ (M.Rutulis)

_____ (I.Pajuste)

_____ (I.Ķipēns)

_____ (S.Grenge)

